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§8–520.

(a) (1) In this subsection, "actuary" means an individual who is a member in good standing of the American Academy of Actuaries.

(2) A reinsurer shall obtain annually a copy of statements by an independent certified accountant in a form acceptable to the Commissioner of the financial condition of each reinsurance manager that transacts business with the reinsurer.

(3) If a reinsurance manager is allowed by contract to maintain loss reserves, a reinsurer shall obtain annually the opinion of an independent actuary attesting to the adequacy of the loss reserves established for losses incurred and outstanding on business produced by the reinsurance manager.

(4) A reinsurer shall conduct at least semiannually an on-site review of the underwriting and claims processing operations of the reinsurance manager.

(5) A reinsurer shall notify the Commissioner, in writing, within 30 days after terminating a contract with a reinsurance manager.

(b) (1) A reinsurer may not engage the services of a person to act as a reinsurance manager on its behalf unless the person has complied with this subtitle.

(2) Unless the relationship between the reinsurer and the reinsurance manager is controlled by and disclosed under § 8-106 of this title or Title 7, Subtitles 6 and 7 of this article, a reinsurer may not have on its board of directors an officer, director, employee, agent, or controlling shareholder of its reinsurance manager.

(c) The binding authority for all retrocessional contracts or participation in reinsurance syndicates shall rest with an officer of the reinsurer who is not affiliated with the reinsurance manager.

(d) (1) Subject to the hearing provisions of Title 2 of this article, if a reinsurer violates any provision of this subtitle, the reinsurer may be:

(i) refused approval as an accepted reinsurer; or

(ii) disapproved as an accepted reinsurer under Title 5, Subtitle 9 of this article.

(2) In addition to removal as an accepted reinsurer under Title 5, Subtitle 9 of this article, a reinsurer is subject to a civil penalty not exceeding $5,000 for each violation of this subtitle.

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